

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Town of Haynesville**  
Haynesville, Louisiana

February 27, 2002



**Investigative Audit**

---

---

**Daniel G. Kyle, Ph.D., CPA, CFE**  
**Legislative Auditor**

## **LEGISLATIVE AUDIT ADVISORY COUNCIL**

### **MEMBERS**

**Representative Edwin R. Murray, Chairman**  
**Senator J. "Tom" Schedler, Vice Chairman**

**Senator Robert J. Barham**  
**Senator Foster L. Campbell, Jr.**  
**Senator Lynn B. Dean**  
**Senator Willie L. Mount**  
**Representative Rick Farrar**  
**Representative Victor T. Stelly**  
**Representative T. Taylor Townsend**  
**Representative Warren J. Triche, Jr.**

### **LEGISLATIVE AUDITOR**

**Daniel G. Kyle, Ph.D., CPA, CFE**

### **DIRECTOR OF INVESTIGATIVE AUDIT**

**Daryl G. Purpera, CPA, CFE**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Fifty-one copies of this public document were produced at an approximate cost of \$74. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at [www.la.state.la.us](http://www.la.state.la.us).

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

---

# **Town of Haynesville**

**February 27, 2002**



**Investigative Audit  
Office of the Legislative Auditor  
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor**

# Table of Contents

|   | Page |
|---|------|
| Executive Summary .....   | 1    |
| Background and Methodology.....   | 3    |
| Finding:  |      |
| Cash Collected by Town Not Deposited<br>Into Town's Bank Accounts ..... | 5    |
| Recommendation .....  | 7    |
| Attachment 1 - Management's Response.....                               | 9    |



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

February 26, 2002

**THE HONORABLE MICKEY MAYFIELD, MAYOR,**  
**AND MEMBERS OF THE BOARD OF ALDERMEN**  
Haynesville, Louisiana

Transmitted herewith is our investigative report of the Town of Haynesville. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our finding and recommendation as well as the response of the Town's management. Copies of this report have been delivered to the Honorable Walter E. May Jr., District Attorney for the Second Judicial District of Louisiana, and other authorities as required by state law.

Respectfully submitted,

A handwritten signature in black ink, reading "Daniel G. Kyle", is written over a horizontal line.

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

RRS:SLC:DGP:dl

[HAYNESV02]

# Executive Summary

## Investigative Audit Report Town of Haynesville

---

### **Highlights. . .**

At least \$432,250 was not deposited into the Town's bank accounts.

Records indicate that Ms. Marilyn Bush, former Town clerk, took money from the Town as early as July 1991.

The Town should implement policies and procedures to ensure that all funds collected by the Town are properly deposited.

Management concurs with the finding.

### **Finding (See page 5.)**

#### **Cash Collected by Town Not Deposited Into Town's Bank Accounts**

From July 1991 through September 2000, cash collected by the Town of Haynesville (Town) for utility services, occupational licenses, and property taxes totaling at least \$432,250 was not deposited into the Town's bank accounts. Ms. Marilyn Bush, former Town clerk, stated that from March 1999 to September 2000 she took approximately \$70,000 from the Town for her own personal use. Although Ms. Bush stated that she started taking money from the Town in March 1999, Town records indicate that she took money from the Town as early as July 1991.

### **Recommendation (See page 7.)**

We recommend that the Town of Haynesville implement policies and procedures to ensure that all funds collected by the Town are properly deposited into the Town's bank accounts. These policies should include proper segregation of duties and a timely reconciliation of collections to deposits. We also recommend that the District Attorney for the Second Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

### **Management's Response (See page 9.)**

Management concurs with the finding and intends to implement policies and procedures to ensure that all assets are safeguarded and all business of Haynesville is conducted in the best interest of its citizens.





# Background and Methodology

The Town of Haynesville (Haynesville) was settled in 1818 and officially became Haynesville in 1843. Haynesville is located in northern Claiborne Parish and is 60 miles northwest of Shreveport and approximately four miles from the Louisiana-Arkansas state line. The current population of Haynesville is approximately 2,744. Haynesville operates under the Mayor/Board of Aldermen form of government. The board is comprised of five members.

The District Attorney for the Second Judicial District of Louisiana requested that the Legislative Auditor perform an investigative audit of Haynesville.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of the Town; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the Town; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; and (5) reviewing applicable state laws.

The results of our investigative audit are the finding and recommendations herein.





# Finding

## Cash Collected by Town Not Deposited Into Town's Bank Account

From July 1991 through September 2000, cash collected by the Town of Haynesville (Town) for utility services, occupational licenses, and property taxes totaling at least \$432,250 was not deposited into the Town's bank accounts. Ms. Marilyn Bush, former Town clerk, stated that from March 1999 to September 2000 she took approximately \$70,000 from the Town for her own personal use. Although Ms. Bush stated that she started taking money from the Town in March 1999, Town records indicate that she took money from the Town as early as July 1991.

The Town provides water, sewer, and garbage collection services to the businesses and residents of the Town. The Town also receives revenue from occupational licenses and property taxes. Payments for utility services, occupational licenses, and property taxes are accepted by mail or in person at Town Hall by the Town clerk and two assistant Town clerks. The proceeds are forwarded to the Town clerk at the end of the day. The Town clerk is responsible for all deposits.

Cash totaling \$432,250 received by the Town during the period July 1991 through September 2000 was not deposited into the Town's bank accounts. This cash consists of revenue collected for utility services totaling \$301,438, occupational licenses totaling \$60,421, and property taxes totaling \$70,391. Although records exist as far back as July 1991, utility records were only available for the period September 1995 to current; therefore, the amounts reflected in this report do not include any utility revenue before September 1995. During the period that all records were available, at least 7% of total revenue<sup>1</sup> was collected but not deposited into the Town's bank accounts.

---

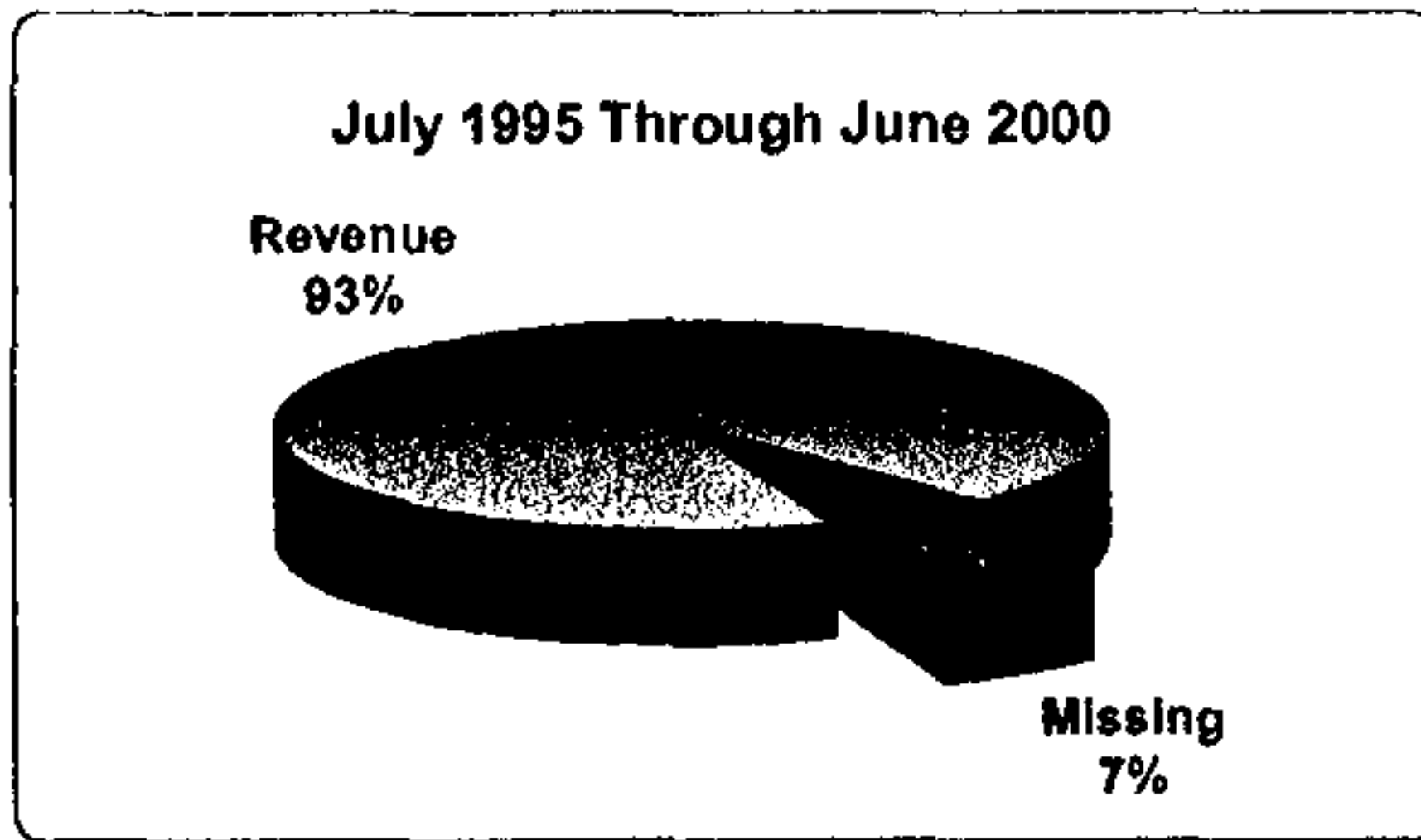
### Cash Collected But Not Deposited

|                       |                  |
|-----------------------|------------------|
| Utility Services*     | \$301,438        |
| Occupational Licenses | 60,421           |
| Property Taxes        | <u>70,391</u>    |
| Total                 | <u>\$432,250</u> |

\*Utility records were not available before September 1995.

---

<sup>1</sup> Total revenue as reported in annual audit reports submitted to the Legislative Auditor by Smith, Pugh, & Rabinowitz, L.L.P.



In an interview on October 6, 2000, with the Louisiana State Police, Ms. Marilyn Bush, former Town clerk, stated that she took approximately \$70,000 but not more than \$72,000 from the Town for her own personal benefit. According to Ms. Bush, she used this money to gamble. Ms. Bush further stated that she started taking money from the Town in March 1999 and that no one else from the Town was involved or knew that she was taking money from the Town.

Ms. Bush stated that she has been the Town clerk since 1986 and was responsible for making all deposits. Ms. Bush further stated that she would take cash from the Town safe before making deposits. Although Ms. Bush stated that she started taking cash in March 1999, Town records indicate that cash was collected but not deposited from at least July 1991. On at least 58 occasions from March 1994 to May 1998, calculator tapes containing Ms. Bush's handwriting were attached to daily receipts. Ms. Bush's handwriting was identified by the current Town clerk and an assistant Town clerk. These calculator tapes indicate the actual amounts collected by the Town; however, the corresponding deposits were much less than actual collections. Therefore, it appears cash was removed after Ms. Bush wrote on the calculator tapes but before the time she prepared the corresponding deposits. Throughout the entire period, July 1991 through September 2000, the method of cash being collected but not deposited remained consistent.

By taking cash from the Town for her own personal use, Ms. Bush may have violated one or more of the following state laws:

- R.S. 14:67, "Theft"<sup>2</sup>
- R.S. 14:134, "Malfeasance in Office"<sup>3</sup>

The actual determination as to whether this individual is subject to formal charge is at the discretion of the district attorney.

<sup>2</sup> R.S. 14:67 provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

<sup>3</sup> R.S. 14:134 provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

# Recommendation

We recommend that the Town of Haynesville implement policies and procedures to ensure that all funds collected by the Town are properly deposited into the Town's bank accounts. These policies should include proper segregation of duties and a timely reconciliation of collections to deposits. We also recommend that the District Attorney for the Second Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.



# **Attachment I**

## **Management's Response**



TOWN OF HAYNESVILLE  
1711 MAIN STREET  
HAYNESVILLE, LA 71038  
(318) 624-0911 FAX (318) 624-1308

February 22, 2002

Daniel G. Kyle  
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Kyle:


As mayor of the Town of Haynesville, I would like to express our appreciation from our staff and the citizens of Haynesville to the Legislative Auditor for their untiring efforts in resolving this issue. You have the total cooperation of town officials in whatever is necessary to see this through.

The town officials concurs with the legislative auditor's report and findings. The town intends to implement policy and procedures to ensure that all future assets and business of Haynesville is safeguarded and conducted in the best interest of its citizens. The Town of Haynesville has taken the following actions to correct this situation. We are providing training classes for employees and plan to continue to provide annual training for continued knowledge. We have obtained the services of a new auditing firm. All revenues will be reconciled on a monthly basis by an independent CPA. The Town of Haynesville has increased its fidelity bond from \$10,000.00 to \$100,000.00. Daily deposits are now made on a daily basis. At the recommendation of the Legislative Auditor, segregation of duties have now been put into place as possible.

It is the intention of the Mayor, Board of Aldermen , and staff to continue to cooperate with the District Attorney in resolving this matter. The Town of Haynesville intends to seek complete restitution for its loss.

The Mayor, Staff, and Board of Aldermen would like to convey to the Legislative Auditor and citizens of the Town of Haynesville our desire and intent to restore trust and integrity back to town hall.

Sincerely,

  
Mickey Mayfield  
Mayor